

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

INTRODUCTION

HOW TO USE THIS DOCUMENT

This document is designed to provide concise and readable information about the approved budget for general government operations in the municipality of Birmingham, Alabama for the fiscal year which begins July 1, 2011. It presents the major programs and plans for the fiscal year and summarizes anticipated revenues and expenditures.

The *Official Operating Budget* is divided into the following sections:

--The **Budget Message** includes the Mayor's transmittal of proposed spending priorities for the City of Birmingham for the 2011 – 2012 fiscal year.

--The **Organization of the City of Birmingham** includes an organization chart and description of all the departments.

--The **Budget Summary – All Funds** section details the City of Birmingham's long term goals and financial policies, and discusses how these goals and policies are addressed in the fiscal year 2012 budget. This section also explains the City of Birmingham's responsibility for providing services versus that of Jefferson County and the State of Alabama. Finally, this section includes a summary of total resources and expenditures for all funds included in the *Official Operating Budget*.

--The **Summary of Revenues and Appropriations** features a tabulation of actual revenue and expenditures in the City's General Fund for the fiscal years ended June 30, 2010, and June 30, 2011 and budgeted amounts for the fiscal year beginning July 1, 2012. Information is summarized by both category and function.

--The **General Fund Revenues** section lists the detail for actual revenues received in fiscal years 2010 and 2011 and budgeted amounts for FY 2012.

--The **General Fund Appropriations** further examines actual expenditures and budgeted amounts, by major category, for the three fiscal years, 2010 and 2011 - actual; and 2012 - budgeted.

--The **Detail of Budgeted Positions by Function** section presents information on operations according to functional area. There are three functional areas listed: general government, public safety, and culture and recreation. Each department is assigned to one of these areas.

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--The **Detail of Budget by Department** and **Department Overviews** show both fiscal and performance management information for each City department. The departments are grouped in 3 categories: general government, public safety and culture and recreation. Each department's budget includes the following information:

Mission Statement- The department's role in fulfilling the City's mission.

Departmental Insights- Program-oriented section providing pertinent information about departmental operations.

Performance Goals- Goals relevant to the day-to-day operations of the department but not directly related to the Annual Strategic Plan.

Selected Objectives- Departmental targets, many times in support of a goal, that are relatively short-term.

Performance Measurements- Guidelines, often from outside the department, against which department performance can be measured. The data is summarized by groups of line-item expenses (e.g. Personnel Services, Supplies, etc.).

Personnel Summary- a three year record of budgeted permanent positions.

--The **Budgets Which Contain Additional Operating Appropriations** include the General Bond Debt Reserve Fund, the Corrections Fund, the Capital Improvement Fund, the Neighborhood Allocations fund, the Highway Improvement Fund, the Fuel Tax Fund, the Storm Water Management Fund, the Birmingham Fund and the Community Development Block Grant Fund. Estimated revenues and appropriations for the fiscal year 2012 are given for each of these funds.

--The **Debt Service** caption includes a discussion of the City's debt management policies and provides a schedule listing the amounts required for payment of principal and interest during fiscal year 2012.

--The **Appendices** furnish additional information about the City of Birmingham and the Budget Process. Also included is a Classification and Pay Plan which shows the current job classes and the salary range for each class. Finally, a Glossary of Key Terms gives definitions for words and phrases used frequently in this document.

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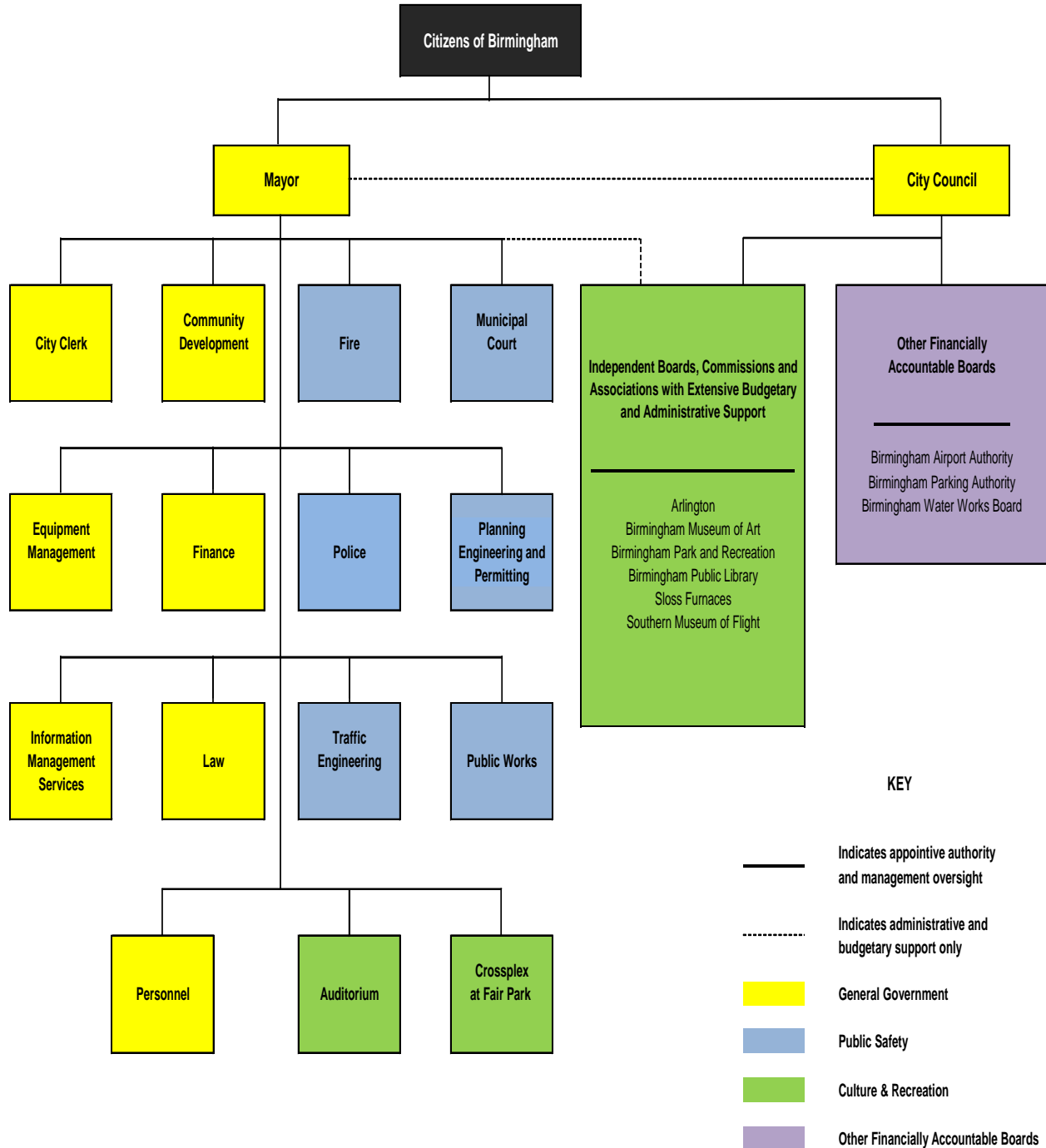
ORGANIZATION OF THE CITY OF BIRMINGHAM

The City of Birmingham operates under a mayor-council form of government. The Mayor is elected at large and serves as the City's chief administrative officer. The Mayor makes all personnel appointments and terminations subject to the laws governing the civil service system. The City Council is comprised of nine councilors elected by districts. The City Council exercises legislative power and makes appointments to any independent or quasi-independent boards and agencies over which the City has appointive power.

City services are provided by approximately twenty-three departments and quasi-independent boards. Each department has a department head, appointed by the Mayor. The quasi-independent boards appoint a director who serves as chief operating officer. The organization of the City of Birmingham's government is illustrated in the chart on page 12.

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City of Birmingham, Alabama Organization Chart



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ORGANIZATION OF THE CITY OF BIRMINGHAM

City Departments

The budget document illustrates how each department is set up (i.e. divisions, sections and units). These illustrations are included in each department's budgetary information (i.e. the Police Department's description is shown on pages 175-187).

In order to aid the reader of this document, a brief description of each department's responsibilities has been consolidated in the following summary:

Boutwell Auditorium and Crossplex at Fair Park

To stage cultural and entertainment events for people in the Birmingham area.

Equipment Management

Provides repair and maintenance for the City's rolling stock.

Office of the City Clerk

The City Clerk is the custodian of all official city records and is responsible for the preparation of the City Council agenda, the City Council minutes, publication of all legal ads, the off-site storage of municipal records and all municipal elections. The City Clerk also serves as secretary to the Election Commission, the Industrial Development Board, the Commercial Development Authority, the Historical Preservation Authority and various Medical Boards of the City of Birmingham.

Finance Department

The Finance Department is administered by the Director of Finance, who is appointed by the Mayor. The principal duties of the Director of Finance are established by statute and include the following: budget preparation and administration; investments; capital financing; insurance and risk management; disbursements; accounting; audit; collection of sales and occupational license taxes, business licenses and other revenues; and the purchasing of all materials, supplies, equipment and services.

Fire Department

The City maintains a modern fire fighting department housed in 31 stations located throughout the City. Thirty-one engine companies and two truck companies are staffed by approximately 693 personnel. The department has its own training school for new employees and for retraining of personnel. The Fire Department operates 16 advanced life support units, a fire prevention bureau, and a hazardous materials response team.

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Police Department

The Birmingham Police Department utilizes the most current law enforcement techniques and equipment. It is staffed by approximately 902 uniformed officers and 315 civilian personnel. The Police Department has four precinct offices and several sub-stations located throughout the city. Day-to-day operations of the department are divided among four units: Administrative Operations Bureau, Support Operations Services Bureau, Patrol and Special Forces Operations Bureau and Investigative Operations Bureau.

Public Works Department and Traffic Engineering Department

The employees of the Public Works Department collect trash and garbage for the households and businesses within the jurisdiction of the City of Birmingham. The department also operates two sanitary landfills and maintains all City streets, storm and sanitary sewers. It is also responsible for the maintenance of City Hall and other City-owned buildings. The Traffic Engineering Department installs and maintains traffic control devices including signs, parking meters and street lights.

Community Development Department

Community Development personnel work with neighborhood citizens advisory councils to establish priorities for public works activities and other government programs. They also help to develop federal assistance and grant projects and aid in the upgrading and expansion of the city's housing stock.

Department of Planning, Engineering and Permits

The Department of Planning, Engineering and Permits conducts planning and zoning activities; constructs streets, sidewalks, viaducts, storm and sanitary sewers and other public works projects; administers the City's building, electrical and plumbing codes; and inspects weighing and measuring devices within the city. They also oversee all condemnation and demolition activities for the City.

Law Department and Municipal Court

Attorneys in the Law Department advise the Mayor, City Council and other City departments and agencies on legal matters. The department's attorneys also represent the City in litigation and prosecute misdemeanor cases in the City's Municipal Court. The Department of Parole and Probation was merged into Municipal Court during fiscal year 2010.

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Information Management Services

To provide electronic and communication services for City departments who then respond to the needs of the citizens of Birmingham.

Office of Personnel

Provides programs, services and explanation of benefits for City employees.

Museum of Art, Arlington Museum, Southern Museum of Flight and Sloss Furnace Museum

The departments provide cultural and educational experiences to the community by presenting works of art.

Park and Recreation Board

Most park and recreation facilities in the City are operated by the Park and Recreation Board. The board is made up of five members appointed by the City Council. The budget of the Park Board is subject to approval by the City Council. The Park Board is responsible for the operation of Legion Field, the City's athletic stadium; the Botanical and Japanese Gardens; 2 golf courses; 18 recreation centers; 17 swimming pools and numerous athletic fields and tennis courts.

Birmingham Library Board

The Birmingham Library Board oversees the operation of a central library located in downtown Birmingham and nineteen branch libraries throughout the city. Library personnel catalog and maintain a book collection of over one million volumes. Staff members also provide a variety of research services and educational programs to Birmingham citizens. The Library Board consists of nine members appointed by the City Council.

Birmingham Parking Authority

Off-street parking facilities within the City of Birmingham are operated by the Birmingham Parking Authority. The Authority is governed by a three member board of directors who are appointed by the City Council. The Authority currently employs 96 full and part-time personnel to service and maintain ten parking decks and two surface lots.

Birmingham Airport Authority

The Birmingham-Shuttlesworth International Airport, which is located five miles northeast of the center of downtown Birmingham, is operated by the Birmingham Airport Authority under the provisions of a long term lease with the City of Birmingham. The City

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Council makes appointments to the seven member board of the Authority. The City Council also must approve the Authority's annual budget. The Authority reimburses the City for the cost of fire and police personnel stationed at the airport. The Authority also reimburses the City for debt service on the airport parking deck and cargo building.

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RELATIONSHIP BETWEEN ORGANIZATION STRUCTURE AND ACCOUNTING STRUCTURE

It is important to understand the relationship between the City's departments and the funding sources the City has available. The following matrix shows the City's departments and their funding sources:

USE OF FUNDS BY DEPARTMENTS					
DEPARTMENT	FUND				
	G	E	CDBG	CP	BWWB
Auditorium	✓				
Crossplex at Fair Park	✓				
City Clerk	✓				
City Council	✓				
Community Development	✓		✓		
Planning, Engineering and Permits	✓			✓	✓
Finance	✓				
Fire	✓	✓			
Law	✓				
Mayor's Office	✓				
Equipment Management	✓				
Information Management Services	✓	✓			
Office of Personnel	✓				
Police	✓	✓			
Municipal Court	✓				
Public Works	✓				
Traffic Engineering	✓				
Arlington	✓				
Library	✓				
Museum of Art	✓				
Parks and Recreation	✓				
Southern Museum of Flight	✓				
Sloss Furnace	✓				

Codes

G= General Fund
 E= Emergency Management Communications District
 CDBG= Community Development Block Grant
 CP= Capital Projects, General Obligation and Warrant Funds
 BWWB= Birmingham Water Works Board Proceeds

Codes

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RESPONSIBILITIES OF THE CITY OF BIRMINGHAM, JEFFERSON COUNTY AND THE STATE OF ALABAMA

The City, County and State have a number of major responsibilities. Although more cooperation is needed, their relationship and their ability to work together are discussed as follows:

Law Enforcement:

The City of Birmingham, Jefferson County, and the State of Alabama have coextensive law enforcement jurisdiction. The City operates a misdemeanor court system.

Streets and Highways:

The State of Alabama is responsible for maintaining state roads and federal highways within the City of Birmingham. The City maintains local traffic arteries only.

Sewers:

Jefferson County constructs and maintains sewer plants and trunk line sewers. The City of Birmingham constructs and maintains sanitary and storm sewers within its boundaries.

Health:

Jefferson County and all the municipalities located within the county (including the City of Birmingham) contribute to the County Health Department on a formula basis. Jefferson County operates a public tax supported hospital.

Transportation:

A regional bus system, operated by the Birmingham-Jefferson County Transit Authority, is funded by federal monies which are matched by county and municipal funds on a formula basis. The Birmingham-Shuttlesworth International Airport is operated by the Birmingham Airport Authority under a lease agreement with the City of Birmingham.

Education:

The citizens of Birmingham elect members to the Birmingham Board of Education which operates all City schools. School funding comes from local Ad Valorem taxes and from state and federal funds. The City assists the Board of Education in borrowing for capital purposes.

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Recreation:

The City of Birmingham funds a recreation program which includes swimming pools, museums and sports facilities. The Mayor represents the City on the board of the Birmingham-Jefferson Civic Center Authority. The Civic Center Authority operates a coliseum, theater and an exhibition hall.

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BUDGETARY GOALS AND FINANCIAL POLICIES

The budget document for fiscal year 2011-2012 is prepared in compliance with the City of Birmingham's Mayor-Council Act and in accordance with the financial policies set forth by the Mayor and City Council. These policies provide guidelines for evaluating both current activities and proposals for future programs.

Operating Budget Goals:

1. To continue delivering all basic services to the citizens of Birmingham by maintaining the proper level of police, fire and sanitation service.
2. To remain a financially stable city with good fiscal management and a sound tax base in the face of population decline and loss of jobs resulting from the nation-wide economic downturn.
3. To continue efforts to reduce crime and devise ways of dealing with the roots of crime, such as through drug awareness and youth programs.
4. To encourage increased citizen participation in city government by providing financial support to the Citizen Advisory Board.
5. To maintain the role of the City of Birmingham as the major provider of regional amenities and cultural activities.
6. To proceed in our commitment to office automation, electronic data processes, and productivity improving tools and techniques.
7. To provide for competitive wage rates and fringe benefits for all City employees.
8. To adopt a balanced General Fund Budget. A balanced budget is defined as follows: In no event shall the expenditures recommended by the Mayor in the General Fund Budget exceed the receipts estimated.

Cash Management and Investment Policies:

1. The City will deposit all cash receipts on the day they are received.
2. The City will collect all revenues in a timely manner and aggressively pursue collection of all past due receivables of any type.

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3. The Investment Policy states that the primary objectives of investment activity shall be the preservation and safety of principal, liquidity, and yield. Authorized investments include U.S Treasury obligations, certificates of deposit, repurchase agreements, bonds of the State of Alabama, obligations of Federal agencies, and money market mutual funds.

Debt Policies:

1. The City will maintain a debt structure that will allow it to retain its AA rating with Standard & Poor's and Fitch's investment services.
2. The City will issue voter approved bonds in such amounts and at such times as allows the City to maintain an orderly capital expenditure program.
3. Over the life of all debt, the City will maintain a balanced debt service structure, letting neither near term or future debt service requirements to unduly burden its financial condition.
4. The City's General Debt Reserve Fund (the Sinking Fund) will be monitored closely and used in the most appropriate way to provide short term liquidity and long term reserves for general obligation bonds of the City.
5. New bonds, warrants and capital leases will only be issued after an assessment has been made of the impact such new debt will have upon the City's general financial condition and upon the total debt and annual debt service of the City.
6. Total variable rate debt issues of the City will be limited to approximately twenty percent of the outstanding amount of total City debt.
7. When conditions are favorable, existing debt issues will be currently or advanced refunded with new debt in order to provide the lowest possible interest cost to the City.
8. New debt will be issued at interest rates that are consistent with the City's bond rating.

Financial Reserve Policy:

The City will maintain a reserve (fund balance) in the General Operating Fund equal to three months of operating expenditures.

Accounting, Auditing and Financial Reporting Policies:

1. An independent audit of the City's financial records and internal control procedures will be performed on an annual basis.

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2. The City will produce a comprehensive annual financial report in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB).
3. The City will maintain a staff of internal auditors to conduct periodic reviews and special investigations as needed or requested by the Mayor.

Capital Budget Policies:

1. The City will develop a multi-year plan for capital improvements which will be updated annually. All capital improvements will be made in accordance with this plan.
2. The City will maintain physical assets at a level appropriate to protect the City's investment and minimize future maintenance and replacement costs.
3. The City will acquire and develop land for industrial park sites in order to attract new businesses and thus promote economic development.

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BUDGET GOALS AND POLICIES ADDRESSED IN THE FY 2012 BUDGET

This section of the *Official Operating Budget* explains how the City's goals and financial policies are advanced by the FY 2012 Budgets.

Operating Budget Goals:

1. ***To continue delivering quality services to the citizens of Birmingham and also to improve services for its citizens.***

The fiscal year 2012 budget has funded all City departments thus assuring no reduction in City services. Police, fire and sanitary services will continue to be maintained at the optimum level.

2. ***To establish long term planning for City development.***

The budget for fiscal year 2012 includes a number of appropriations geared toward creating economic growth. For example, \$6.1 million is appropriated for Transit System Improvements plus an additional \$1.8 million for extended routes and services and \$5.3 million for redevelopment and infrastructure incentives.

3. ***To continue efforts to reduce crime.***

The City is continuing to give financial support to programs which address the antecedents of crime such as illiteracy and gang membership. The Police Department's Youth Services Division continues to be instrumental in reducing youth violence, gang activities, and drug use by children and teenagers. Some of the division's programs include School Resource Officers, Police Athletic Teams, and Drug Awareness Resistance Education.

The budget for fiscal year 2012 includes \$171,900 for the lease/purchase agreement for public safety rolling stock for the Fire Department.

4. ***To increase citizen participation in City Government.***

The fiscal year 2012 budget provides \$198,000.00 in financial support to the Citizens Advisory Board. This board distributes money to the ninety-nine neighborhood organizations which utilize these funds for approved projects in their neighborhoods. This funding, as well as the system of neighborhood government, gives citizens an important tool in participating in City government.

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5. *To maintain the City's role as the major provider in regional amenities.*

The City of Birmingham continues to provide the majority of the financial support for the Museum of Art, the Botanical Gardens, and the Southern Museum of Flight. The City is also providing operating funds for the Civil Rights Institute and the City's science museum called the McWane Center.

In addition, the City has approved \$2,260,000 for both operating and capital expenditures for the Birmingham Zoo, which is used in part to produce the "*Trails of Africa Exhibit*" and \$431,500 to the Vulcan Park Foundation.

6. *To proceed in our commitment to office automation.*

The fiscal year 2012 budget provides \$1.1 million for the purchase of computer hardware and software in the Information Management Services Department. The City purchased a computerized Human Resources, Payroll and Financial System. Effective July 1, 2008, the city began utilizing the new Financial System. Additional components of this system are being implemented.

7. *To provide a competitive wage rate for City employees.*

In fiscal year 2012, the City did not include a salary increase for its employees. However, the City will continue its contract with Blue Cross Blue Shield of Alabama to be the administrator of its health insurance.

Additional benefits include life insurance coverage; a retirement plan; free annual health screening and wellness program; and the deferred retirement option program.

Cash Management and Investment Policies:

The cash management and investment policies for the City of Birmingham will continue to be in place so as to allow the City to be good stewards of public funds by following the established guidelines and procedures for the handling of cash receipts and investments. A more comprehensive policy is being developed.

Debt Policies:

Principal forms of indebtedness that the City is authorized to incur include general obligation bonds, general obligation warrants, general obligation bond anticipation notes, revenue anticipation notes, gasoline tax anticipation bonds and various revenue anticipation bonds and warrants relating to enterprises.

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General obligation warrants, certain revenue anticipation bonds, warrants and notes and capitalized lease obligations may be issued or incurred without voter approval.

Financial Reserves Policy:

The City will maintain a General Fund reserve equal to three (3) months of operating expenditures. The budget for Fiscal Year 2012 was developed in such a way as to retain fund balance in the General Fund which represents three months of operating expenditures. In conjunction with the City's debt structure, the reserve will allow the City to retain its excellent bond rating.

Capital Budget Policies:

The proposed five year Capital Improvement Program includes a one year Capital Budget for fiscal year 2012 and a four year plan for fiscal years 2013 through 2016. For fiscal year 2012, the City has appropriated \$23.3 million.

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SUMMARY OF BUDGET PLANNING PROCESS

The General Fund Budget, the State and Federal Grant Budget and the Debt Service Budget are developed by the Director of Finance under the direction of the Mayor. Such budgets are based on annual work programs setting forth the nature, volume and cost of work to be performed as submitted by the head of each office, department or other agency of the City. Estimated revenues are detailed as to source, and estimated expenditures as to program or project. The Mayor may hold hearings with regard to the proposed budget. No later than May 20 each year, the Mayor submits to the City Council the proposed budgets for the ensuing fiscal year.

Formal budgetary integration is employed as a management control device during the year for the General Fund. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation indenture provisions.

Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles except that budgets and schedules included in these financial statements are prepared using encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded. At the end of the fiscal year, unencumbered appropriations of the General Fund automatically lapse.

Legally adopted annual budgets are not prepared on Special Revenue and Capital Projects Funds; consequently, there are no statements of revenue and expenditures, budget and actual, for Special Revenue and Capital Projects Funds. However, budgets for Special Revenue and Capital Projects funds are adopted on an individual project basis.

The adopted General Fund operating budget is allotted to each department or agency of the City. Total appropriations may not be exceeded by expenditures unless the City council amends the budget due to increased revenues or through a reduction in fund balance. A more detailed description of the budget process is located on page 355.

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METHOD OF BUDGETING

The term **Basis of Budgeting** refers to the basis of accounting used to estimate financing sources and uses in the budget. There are 3 types of budgetary basis – the cash basis, the accrual basis and the modified accrual basis. The City of Birmingham uses the modified accrual basis of budgeting. Under this method revenues are recognized in the accounting period in which they become available and measurable. Thus revenues received shortly after year-end, but related to the current year, are budgeted in the current year. The following chart on page 34 defines 3 types of budgetary basis and identifies the funds that are budgeted under the modified accrual basis of budgeting. Expenditures are budgeted in the accounting period in which the fund liability is incurred, if measurable. Under this basis of budgeting, interest on long-term debt and certain similar accrued obligation, are budgeted when due. Depreciation and also compensated absences are also used by these funds; and also an explanation as to the accounting basis for those funds that are not budgeted (non-appropriated).

BUDGET AMENDMENTS

Upon submission of the budgets by the Mayor to the City Council, the City Council is required to hold a public hearing. After the conclusion of the public hearing, the City Council may insert new items of expenditures or may increase, decrease or eliminate items of expenditure in the General Fund Budget, except that no item of expenditure for debt service, or any other item required to be included by law, may be reduced or eliminated. The City Council may not alter the estimates of receipts contained in the General Fund Budget except to correct omissions or mathematical errors. The City Council is prohibited by statute from adopting a General Fund Budget in which the total of expenditures exceeds the receipts and available surplus, unless at the same time it adopts measures for providing additional revenue in the ensuing fiscal year sufficient to make up the difference. Appropriations in addition to those contained in the original General Fund Budget ordinance may be made by the City Council by not less than five affirmative votes, but only on the recommendation of the Mayor and only if the Director of Finance certifies in writing that there is available in the General Fund an unencumbered and unappropriated sum sufficient to meet such appropriations.

The City Council is required to adopt a Capital Budget prior to the beginning of the fiscal year in which the budget is to take effect. Amendments to the Capital Budget may be made by the City Council by not less than five affirmative votes, but only upon the recommendation of the Mayor and only if funds are available for any budget increases.

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OTHER PLANNING PROCESSES

The City also has other planning processes. They are important because of their long term impact on future City budgets. The following chart illustrates the other planning processes that the City has:

<u>Type of Planning Process</u>	<u>Description of Process</u>	<u>Budget Impact</u>
City-Wide Comprehensive Plan	A Long Range Plan that looks at land use, zoning, housing, economic development, transportation and community facilities.	The results of this plan will impact how city resources will be allocated in future budgets.
Capital Project Plan	Five year plan includes project listing by plan year.	Provides for a predictable funding level from year to year to allow adequate planning for debt service requirements and operating costs of new facilities and infrastructure improvements.
Vehicle Equipment Replacement	Five year plan to replace certain vehicles and heavy duty equipment.	The City continues its funding for the \$7 million city-wide rolling stock lease/ purchase program for FY 2012.
Management Information Systems	To address computer hardware/software needs of City departments.	Allows for funding of replacement, maintenance and network infrastructure replacements. Annual replacement decisions are determined considering changing software technology.
Public Improvement Committee	To provide a plan for maintaining City streets and sewers.	Insures that funding for maintaining streets and other infrastructure improvements are allocated to the ones most critically needed.

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DESCRIPTION OF FUND STRUCTURE

Accounting Structure

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units.

The financial transactions of the City are recorded in individual funds and account groups. A fund is a separate accounting entity with a self-balance set of accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures. The various funds and account groups are reported within the financial statements of the Comprehensive Annual Financial Report (CAFR).

Fund Summary

The following listing is a summary of all funds by category:

GOVERNMENT FUNDS	
General Fund	This fund is used to account for all sources and uses of financial resources applicable to the general operations of the City of Birmingham. All general operating revenues which are not restricted as to use are recorded in the General Fund.
Special Revenue	<p>Special Revenue funds are operating funds for which the use of revenues is restricted or designated by outside sources. These funds account for activities carried out by the City under certain intergovernmental grants and contracts. Special Revenue funds include:</p> <ul style="list-style-type: none">• <u>Federal Revenue Sharing</u> fund accounts for funds received and disbursed under Federal Revenue sharing.• <u>Community Development Fund</u> accounts for those funds used for community urban development block grants.• <u>HUD Rental Rehabilitation Loan</u> accounts for funds used for rehabilitation of rental property.• <u>Miscellaneous Grant Fund</u> accounts for funds arising from miscellaneous grants. Although the funds are consolidated, each grant is accounted for individually.

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Special Revenue (continued):	<ul style="list-style-type: none">• Fuel Tax Fund accounts for the proceeds of a \$.04 State gasoline tax, the use of which is restricted.• Highway Improvement Fund accounts for the proceeds of a \$.07 State gasoline tax.• <u>Law Enforcement Block Grant</u> accounts for funds received for reducing crime and improving public safety.• <u>Birmingham Fund</u> accounts for funds used for economic development.• <u>UDAG Repayment Fund</u> accounts for funds received in repayment of UDAG loans.• <u>Home Investment Trust Fund</u> accounts for funds received from Housing and Urban Development.• <u>HUD 108 Loan Fund</u> accounts for funds used to subsidize residential mortgages.• <u>Birmingham Water Works Proceeds Fund</u> accounts for the proceeds received from the transfer of the assets of the Water Works and Sewer Board of the City of Birmingham.• <u>Fair Trial Tax Fund</u> accounts for the taxes collected for indigent defense.• <u>Storm Water Fund</u> accounts for the storm water fees collected by the Birmingham Water Works Board.• <u>Other Funds</u> accounts for proceeds received as donations and other funds designated for special purposes.
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Debt Service	<p>Debt Service Funds are used to account for the accumulation of resources for, and payment of interest and principal on general long term debt not accounted for in the Enterprise Funds. Debt service revenues are derived from property taxes and other operating revenues. Debt service Funds include the following:</p> <ul style="list-style-type: none">• <u>General Bond Debt Reserve Fund</u> and the <u>General Bond Debt Service Fund</u> accounts for receipt of taxes earmarked for debt service and payment of principal and interest on general obligation debt.• <u>Tax Increment Financing</u> and the <u>Tax Increment Reserve Funds</u> account for receipt of taxes earmarked for debt service and payment of principal and interest on the tax increment warrants.
Capital Projects	<p>Capital Projects funds are used to account for and demonstrate compliance with legal and contractual provisions and to compile data related to financial resources designated to construct or acquire general fixed assets and major improvements other than those financed by special assessments. Capital Project funds include the following:</p> <ul style="list-style-type: none">• <u>Special Assessment Fund</u> accounts for construction of Public Improvements, which are to be paid wholly or in part from assessments, levied against the property benefited by the improvements.• <u>Capital Improvement Fund</u> accounts for funds derived from specific grant and from current funds used for capital improvements.• <u>General Obligation Bond</u> issues accounts for the expenditure of the proceeds for each bond issue when the borrowing is for capital projects. The requirement of one fund for each bond issue is necessitated by the fact that the accounting for a particular bond issue must show that the proceeds of the issue were spent only on the projects and for the purposes authorized, that the expenditures were in the amounts authorized, and that any unused bond proceeds are properly handled and accounted for in accordance with applicable legal, budgetary, and policy provisions.

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Capital Projects (continued):	<ul style="list-style-type: none"> • <u>Street Improvement Debt Service Fund</u> account for payment of principal and interest on bonds and warrants which are payable from the City's allocation of state gasoline taxes. • <u>Industrial Park Improvement Fund</u> accounts for proceeds from sale of Industrial Park property. • <u>Capital Improvement General Obligation Warrant Funds</u> account for proceeds of the General Obligation Warrants designated for construction of specific projects, including the 2009-A General Obligation Capital Improvement Warrants and the 2010-A General Obligation Warrants which were issued to make various capital improvements.
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PROPRIETARY FUNDS

Enterprise Fund	<p><u>The Enterprise Fund</u> is used to account for operations where it is the intent of the governing body that the cost of providing services be finance primarily through user charges or where the governing body has decided that the periodic determination of net income is appropriate for accountability or other purposes.</p> <p><u>Emergency Management Communication District Fund</u> accounts for the operation of the Enhanced Universal Emergency Number (or E911) Service.</p>
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FIDUCIARY FUNDS

Trust and Agency	<p>Trust and Agency Funds of the City are set up for the purpose of administering and accounting for assets held under the Trust agreements. From an accounting standpoint, the difference between a Trust Fund and an Agency Fund is principally one of degree. Trust Funds frequently exist over a longer period of time and represent vested interest to a greater extent. Agency Funds are primarily clearing mechanisms for cash resources, which are collected by the City and disbursed to authorized recipients.</p> <p>Trust and Agency funds are listed below:</p> <ul style="list-style-type: none"> • <u>City of Birmingham Retirement and Relief System</u> covers all civil service employees who are required to become members when they become employees.
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OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

Trust and Agency (continued):	<ul style="list-style-type: none">• <u>City of Birmingham Fireman's and Policemen's Supplemental Pension System</u> enables firemen and policemen to retire after twenty or twenty-five years of service and provides certain benefits to widows and surviving dependents.• <u>Firemen's Pension and Relief Fund and Policemen's Pension and Relief Fund</u> provides certain benefits to firemen and policemen who were in the employ of the City prior to 1939.• <u>City of Birmingham Unclassified Employees Pension and Relief System</u> covers employees in the City's unclassified service.• <u>City of Birmingham Limited Fireman's Retirement and Relief System and Limited Policemen's Retirement and Relief System</u> were established to cover specific employees.
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OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

FUND STRUCTURE BY BUDGETARY BASIS *Modified Accrual Basis of Budgeting*

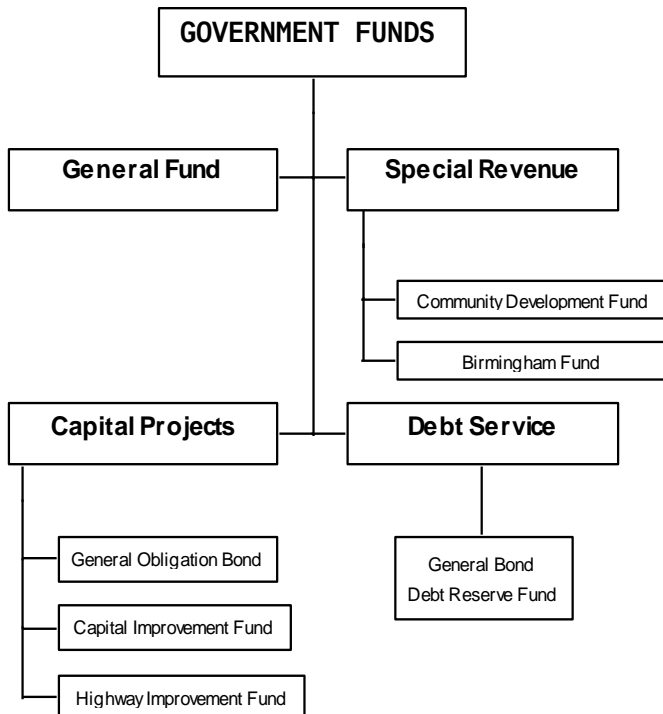
What Is “Budgetary Basis”

Budgetary Basis refers to the basis of accounting used to estimate financing sources and uses in the budget.

Cash Basis indicates transactions are recognized when cash is increased or decreased.

Accrual Basis indicates revenues are recorded when they are earned (whether or not cash is received at the time). Expenditures are recorded when goods and services are received (whether cash disbursements are made at the time or not).

Modified Accrual is the method by which revenues and other financial resource increments are recognized when they become susceptible to accrual; that is, when they become both “measurable” and “available” to finance expenditures of the current period. “Available” means collectible in the current period or soon enough thereafter to be used to pay the liabilities of the current period.



Please note the **Proprietary** and **Fiduciary funds** are not budgeted. Financial statements for these two types of funds are accounted for on the Accrual basis of accounting. The only proprietary fund the City has is the Emergency Management Fund. Fiduciary funds include all pension trust funds.

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

Budgeting and Accounting Relationship

Both budgeting and accounting are fiscal systems or processes which involve the planning, allocating and disbursing of monetary resources. This results in an interrelationship and a need for coordination between these two disciplines. Generally, budgeting is regarded more in terms of planning and enacting a fiscal plan. However, these planning and enactment processes are dependent upon the accounting of past-year and current-year expenditures/revenues.

Accounting focuses on the recording, classifying and interpreting of financial transactions. These accounting processes are dependent on the budgeting of expenditure authorization (appropriations) being enacted by the legislative branch.

As the chart on page 34 shows, that the City uses the modified accrual basis of budgeting for the following types of funds: General, Special Revenue, Capital and Debt Service. The City **does not** budget for propriety funds such as Enterprise Funds. The City has only one Enterprise Fund – the Emergency Management Communication District Fund. Also, the City **does not** budget for fiduciary funds such as Pension Trust Funds

The accrual basis of accounting is utilized by both proprietary and fiduciary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

KEY REVENUE ASSUMPTIONS & TRENDS FOR FISCAL YEAR 2011 – 2012

Annually, the Budget Office reviews all revenues at a detailed level regarding need, quantity, and probability of receipt. Early in the budget process, a complete set of revenue assumptions is prepared. These assumptions provide the basis for revenue projections throughout the budget process and include expectations for local economic and population growth and service levels.

The City of Birmingham receives its revenue from a variety of sources. The largest of which are taxes and licenses which represent 79.8% of all city revenue as shown in the chart on the page 41. As a result, the trends in these revenue categories dictate the level of funding available for city services. This section highlights significant revenue issues included in this year's budget.

PROPERTY TAXES (AD VALOREM TAXES):

Ad Valorem taxes in Alabama are levied and collected subject to the provisions of the Constitution of Alabama of 1901, which limits the ratios at which property may be assessed, specifies the maximum millage rates that may be levied on property, and limits total ad Valorem taxes on any property in any year. The following summary discusses the constitutional limitations on ad Valorem taxes in Alabama:

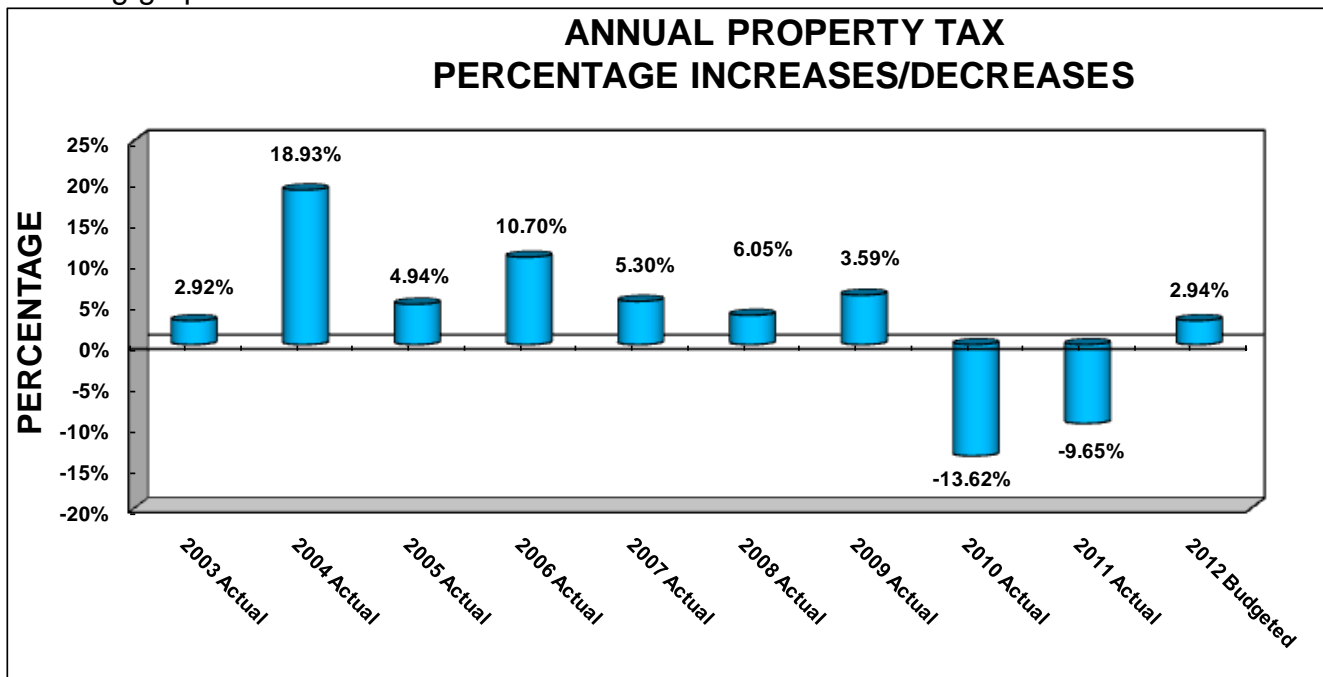
Amendment no. 373 to the constitution of Alabama of 1901 (the "1978 Property Tax Amendment") requires that, for purposes of Ad Valorem taxation, all taxable property in the State be divided into the following four classes:

<u>Class</u>	<u>Description</u>	<u>Ratio</u>
Class I	Property of utilities used in their business.	30%
Class II	Property not otherwise classified (generally, business or commercial property, including railroad property)	20%
Class III	Agricultural, forest and single family, owner-occupied residential property and historic buildings and sites.	10%
Class IV	Private passenger Automobiles and pickups owned and operated by individuals for personal or private use.	15%

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

The 1978 Property Tax Amendment provides that taxable property designated as “Class III” may, upon the request of the owner of such property, be appraised for taxation at its “current use value” rather than its “fair and reasonable value”. “Current use value” has been defined in a legislative act implementing the 1978 Property Tax Amendment as the value of such property based in the use being made of it on October 1 of the preceding year, without taking into consideration “the prospective value of such property might have if it were put to some other use”. Legislation enacted in 1982 significantly revised the statutory methods for determining the current use of agricultural and timber property for ad valorem tax purposes.

Prior to fiscal year 2004, Ad Valorem taxes were re-evaluated once every five years. The last five year re-evaluation was done in fiscal year 2003. Effective fiscal year 2004, the re-evaluations are done every year. The City began to see modest increases each fiscal year by virtue of the yearly re-evaluation. The City realized an increase of 10.7% in fiscal year 2006. In 2010 the City changed its procedures for the funding of transit system via Ad Valorem taxes which resulted in removing \$3.9 million from revenue since it is paid directly to the Transit Authority from the Tax Collector. The projected property tax revenue for fiscal year 2012 shows an increase of 2.9% above the fiscal year 2011 actual, due to the projected decrease in the number of foreclosures and also as a result of the annual re-evaluations that show an increase in property values in the Birmingham area. This can be illustrated by the following graph and chart:-



PROPERTY TAXES (In Millions)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
\$18.94	\$22.52	\$23.64	\$26.17	\$27.56	\$28.54	\$30.27	\$26.15	\$23.63	\$24.32

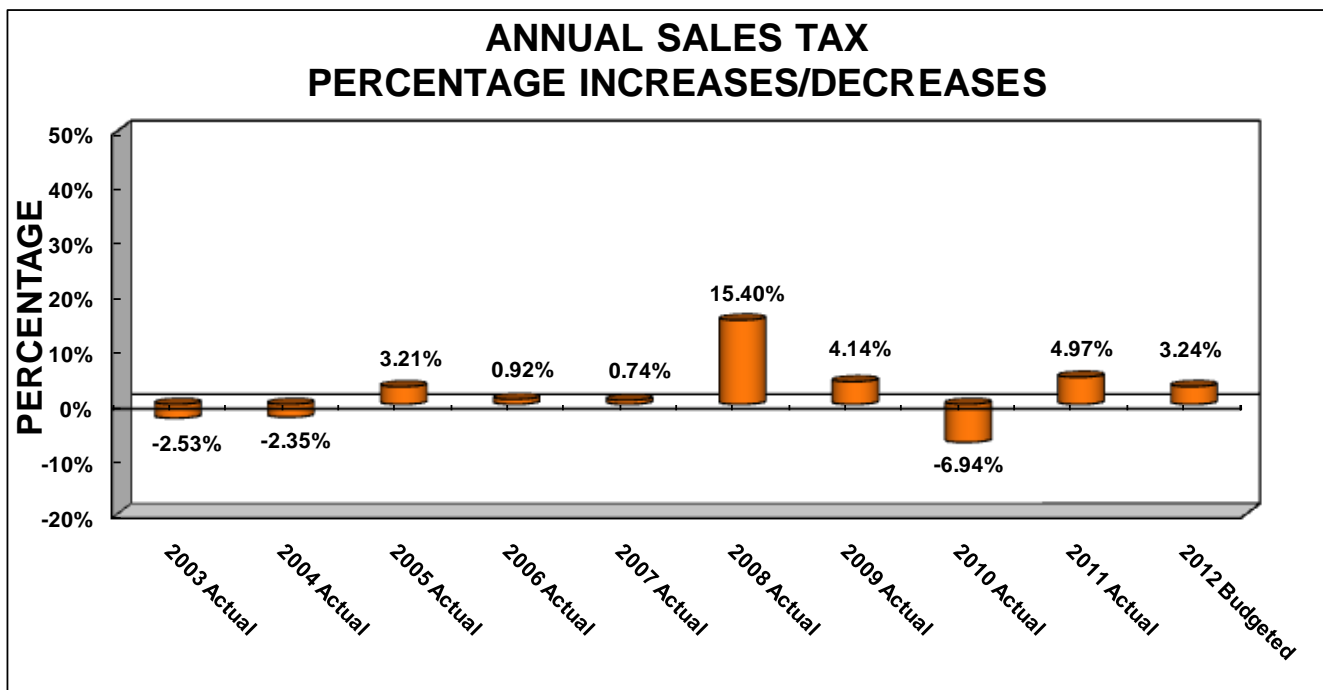
OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

SALES TAXES

The City of Birmingham receives a 4% sales tax for the sale of taxable goods and services within the city limits. Sales tax collections have increased slightly as a result of the recovery of a lagging economy.

Sales Tax revenue represents the largest source of revenue for the General Fund, accounting for \$105,397,000.00 or 28.4.0% of the total projected revenue in fiscal year 2012.

In December 2007, the Mayor recommended and the Council approved the Birmingham Economic and Community Revitalization Ordinances. The Sales and Use Tax Designation Ordinance increased the sales and use tax by one cent per dollar for a period of six (6) years. The Business License Fees and Designation Ordinance increased all fees by one hundred percent (100%). This new initiative generated an additional \$40.1 million in fiscal year 2008, and \$64.2 million in fiscal year 2009. Sluggish current economic conditions that resulted in a 6.9% decrease in sales tax revenues from FY 2009 to FY 2010 have improved and have resulted in an increase of nearly 5% in 2011 and a projected 3.2% increase in FY 2012.



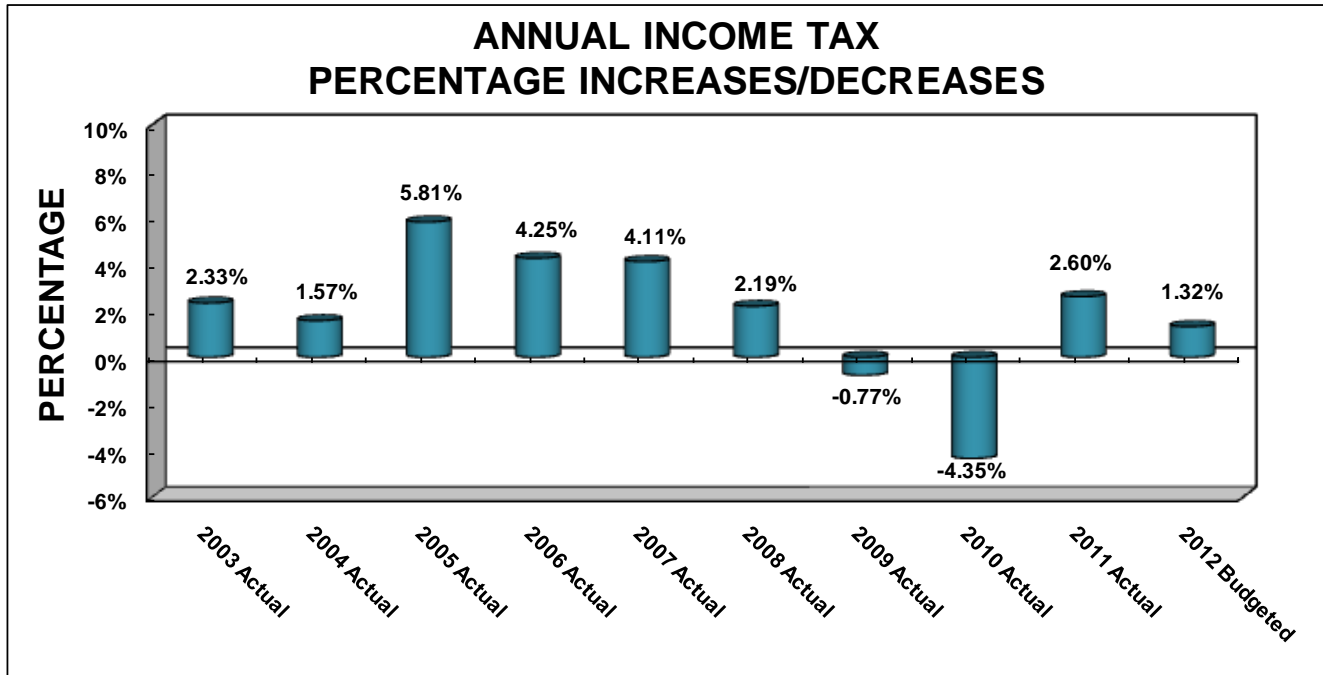
SALES TAXES (In Millions)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
\$84.87	\$82.88	\$85.54	\$86.32	\$86.96	\$100.36	\$104.51	\$97.25	\$102.08	\$105.40

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

INCOME TAX:

The City receives a 1% tax on citizens that are employed within the corporate limits of the City of Birmingham. Income tax revenue collections that suffered due to the increased rate of unemployment in 2010 resulting from the difficult economic climate improved somewhat in 2011. The fiscal year 2012 projected revenue for income tax is 1.32% above the fiscal year 2011 actual amount as shown in the following graph and chart:



INCOME TAXES (In Millions)

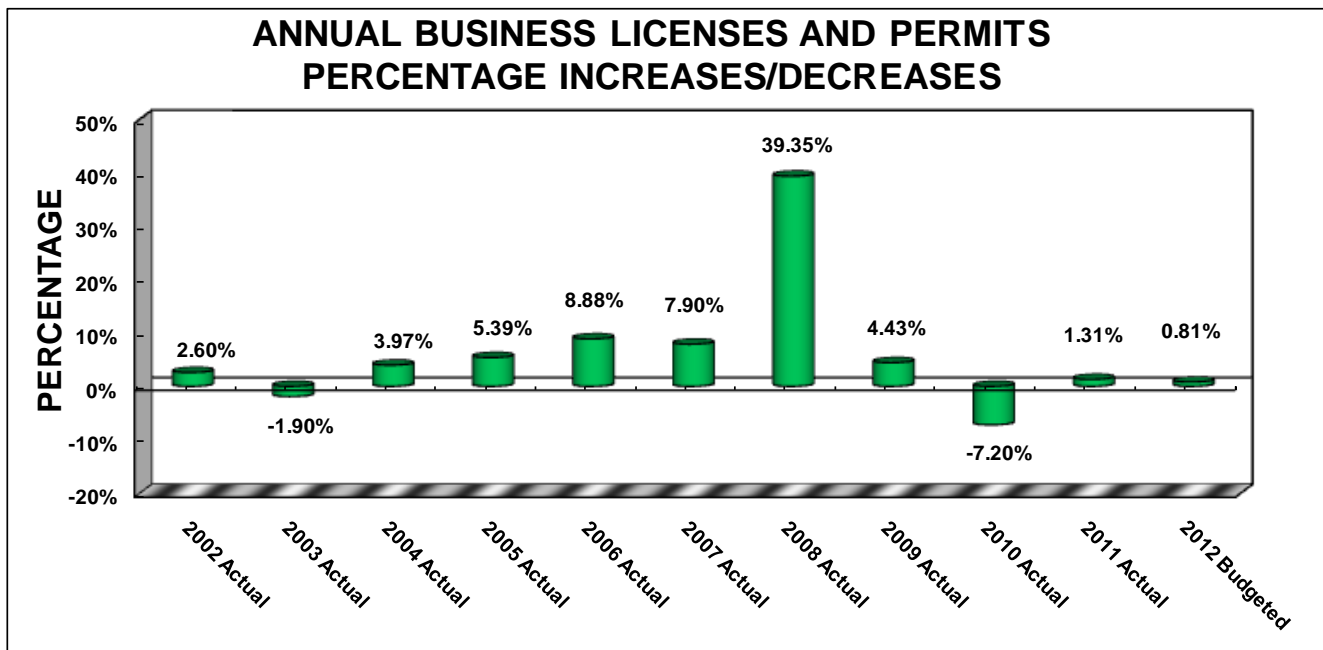
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
\$64.52	\$65.54	\$69.35	\$72.30	\$75.27	\$76.92	\$76.33	\$73.01	\$74.91	\$75.90

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

BUSINESS LICENSES AND PERMITS:

The fee charged for a business to operate within the city limits of Birmingham is called Business License and Permits. This fee is based on gross sales that a business has during the last calendar year. The higher the gross sales of a business, then the higher the fee paid to the City. As with sales and income taxes, this revenue source is closely tied to Birmingham's economy.

Business license and permits represent \$90,135,300.00 or about 24.3% of the projected revenue in the General Fund. The chart below depicts the percentage fluctuation in this revenue category over the past several years. Increased collection efforts have allowed the fiscal year 2011 actual and 2012 projected revenue for business license and permits to remain steady during difficult economic conditions.



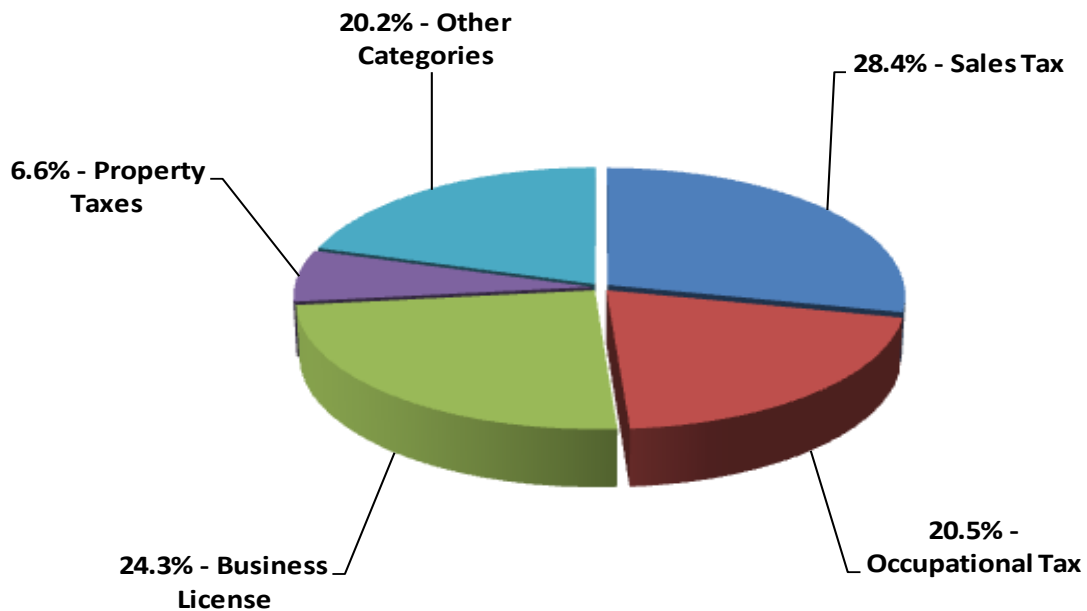
BUSINESS LICENSES AND PERMITS (In Millions)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
\$50.76	\$52.78	\$55.62	\$60.56	\$65.35	\$91.06	\$95.10	\$88.25	\$89.41	\$90.14

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

GENERAL FUND KEY REVENUE COMPONENTS

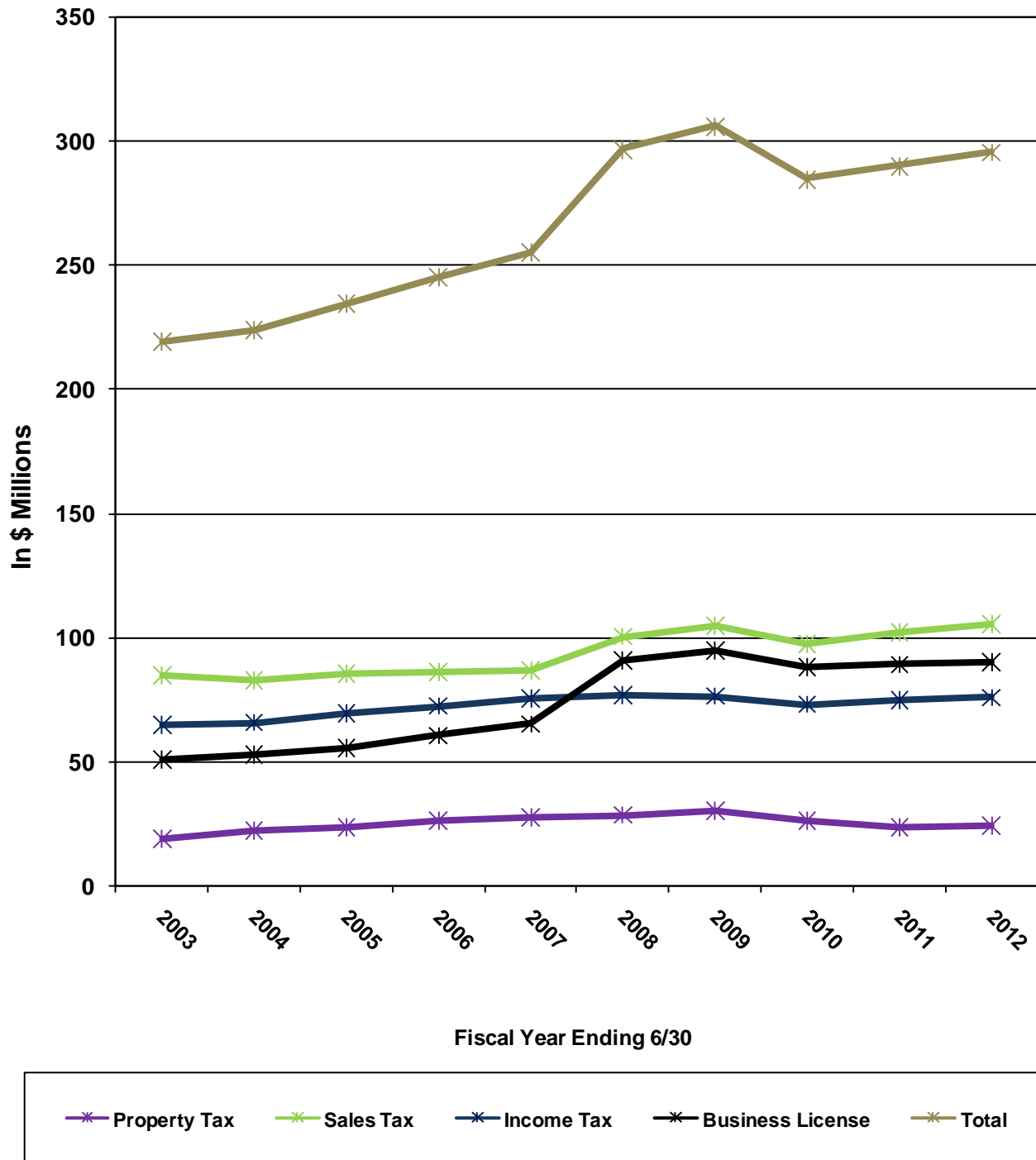
REVENUES



The graph shows the different revenue components highlighting the major categories. The major revenue categories represent 79.8% of total revenue for fiscal year 2012.

OFFICIAL OPERATING BUDGET
FISCAL YEAR 2012

MAJOR TAX COMPONENTS
FISCAL YEARS 2003-2012



City of Birmingham, Alabama

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

CONSOLIDATED FINANCIAL OVERVIEW

The combined statements on the following pages show the revenue, expenses and net change of all city funds by category. The statements will include both budgeted and non-budgeted categories. Budgeted categories include General Government, Special Revenue, Debt Service and Capital Projects. The individual budgeted funds that comprise these categories will be listed at the bottom of the statement.

For the reader's benefit, the combined statements will be illustrated in two separate versions:

1. **Combined Statement of Revenues and Expenditures by Service** - Expenses are listed by the governmental unit that has incurred the expense (i.e. Police and Fire are listed as Public Safety; Park and Recreation and the Art Museum are listed as Culture and Recreation; Finance and Law are listed as General Government).
2. **Combined Statement of Revenues and Expenditures by Line Item** – Expenses are listed by the type of line item it is (i.e. Salaries, Personnel Benefits, Supplies and Maintenance).

The categories that are not budgeted are proprietary and fiduciary. The proprietary category includes the Emergency Management Communication District Fund. The fund's main purpose is to maintain the 911 Emergency Call System and the receipts from the levy on telephone subscribers can only be used to maintain the emergency service and do not have to be appropriated by the City. The fund has a board of managers separate from the City responsible for its operation.

The other category not budgeted is the fiduciary category. This category includes all of the City's pension funds. These funds are not budgeted because they are only used to invest contributions to the City employee's retirement plan and to pay retired employees benefits.

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

COMBINED STATEMENT OF REVENUES AND EXPENDITURES BY SERVICE FOR FUNDS THAT ARE BUDGETED THREE YEAR COMPARISON

(In Thousands)

	GENERAL GOVERNMENT			SPECIAL REVENUE FUNDS		
	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12
<u>REVENUES</u>						
Property Taxes	\$ 26,150	\$ 23,626	\$ 24,320			
Sales & Use Taxes	135,692	133,609	143,612			
Income Taxes	73,008	74,909	75,898			
Licenses and Permits	78,556	86,083	79,427			
	1,004	3,206		\$ 18,455	\$ 19,422	\$ 18,500
Shared State & Local	15,839	14,709	12,905	4,664	6,801	5,500
Employer Contributions						
Employee Contributions						
Charges for Service	13,874	13,788	13,902	69	68	68
Fines & Forfeitures	5,425	4,294	4,614			
Interest Earnings	1,406	748	1,130	3,722	10,975	10,500
Bond/Warrant Proceeds		6,957				
Miscellaneous	35,570	11,537	15,195	576	821	750
Total Revenue	\$ 386,524	\$ 373,466	\$ 371,003	\$ 27,486	\$ 38,087	\$ 35,318
<u>EXPENDITURES</u>						
Public Safety	\$ 184,308	\$ 166,184	\$ 169,061	\$ 6,855	\$ 5,403	\$ 5,507
Environmental & Streets	57,360	46,778	48,126		28	
Culture & Recreation	35,435	31,819	34,197	849	117	150
General Government	87,511	91,722	91,930	22,970	17,600	17,500
Debt Service	19,087	15,489	19,322			
Bond/Warrant Issue Cost						
Transfers	1	2,520	2,198		2,642	
Capital Outlays	7,271	4,086	6,169		10,319	10,500
Other						
Total Expenditures	\$ 390,973	\$ 358,598	\$ 371,003	\$ 30,674	\$ 36,109	\$ 33,657
Revenues Over/(Under) Expenditures	\$ (4,449)	\$ 14,868	\$ -	\$ (3,188)	\$ 1,978	\$ 1,661

EXPLANATION OF CATEGORIES

Category

Funds

General Government = General Fund

Special Revenue Funds = Birmingham Fund, Birmingham Water Works Proceeds,
Community Development Block Grant

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

COMBINED STATEMENT OF REVENUES AND EXPENDITURES BY SERVICE FOR FUNDS THAT ARE BUDGETED THREE YEAR COMPARISON

(In Thousands)

	DEBT SERVICE			CAPITAL PROJECTS		
	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12
<u>REVENUES</u>						
Property Taxes	\$ 30,549	\$ 27,743	\$ 29,500			
Sales & Use Taxes						
Income Taxes						
Licenses and Permits						
Federal Grant						
Shared State & Local	283	120	125	\$ 5,399	\$ 4,338	\$ 4,450
Employer Contributions						
Employee Contributions						
Charges for Service						
Fines & Forfeitures						
Interest Earnings	2,543	1,250	1,500	561	588	500
Bond/Warrant Proceeds	21,000			20,276	38,668	8,400
Miscellaneous	167	633	550	268	4,722	1,500
Total Revenue	\$ 54,542	\$ 29,746	\$ 31,675	\$ 26,504	\$ 48,316	\$ 14,850
<u>EXPENDITURES</u>						
Public Safety	\$ 109	\$ 110	\$ 110			
Environmental & Streets						
Culture & Recreation						
General Government						
Debt Service	43,002	35,882	35,896	\$ 24,265	\$ 4,165	\$ -
Transfers				27,416		
Capital Outlays	2,798	5,207	5,152	37,055	30,450	21,309
Other						
Total Expenditures	\$ 45,909	\$ 41,199	\$ 41,158	\$ 88,736	\$ 34,615	\$ 21,309
Revenues Over/(Under) Expenditures	\$ 8,633	\$ (11,453)	\$ (9,483)	\$ (62,232)	\$ 13,701	\$ (6,459)

EXPLANATION OF CATEGORIES

Category

Funds

Debt Service = General Bond Debt Reserve Fund and Tax Increment Financing Fund

Capital Projects = General Obligation funds and Capital Improvement Funds

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

COMBINED STATEMENT OF REVENUES AND EXPENDITURES BY SERVICE FOR FUNDS THAT ARE NOT BUDGETED THREE YEAR COMPARISON

(In Thousands)

	PROPRIETARY FUNDS			FIDUCIARY FUNDS		
	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12
<u>REVENUES</u>						
Property Taxes						
Sales & Use Taxes						
Income Taxes						
Licenses and Permits						
Federal Grant						
Shared State & Local						
Employer Contributions				\$ 17,243	\$ 17,846	\$ 17,900
Employee Contributions				15,882	15,928	16,000
Charges for Services	\$ 4,517	\$ 6,392	\$ 4,600			
Fines & Forfeitures						
Interest Earnings	1	11	1	94,205	152,482	110,000
Miscellaneous				386	36	35
Total Revenue	\$ 4,518	\$ 6,403	\$ 4,601	\$ 127,716	\$ 186,292	\$ 143,935
<u>EXPENDITURES</u>						
Public Safety	\$ 3,482	\$ 3,135	\$ 3,600			
Environmental & Streets						
Culture & Recreation						
General Government	51	18	50	\$ 71,462	\$ 101,260	\$ 101,250
Debt Service						
Transfers						
Capital Outlays	1,395	1,513	1,290			
Other	10	34	19			
Total Expenditures	\$ 4,938	\$ 4,700	\$ 4,959	\$ 71,462	\$ 101,260	\$ 101,250
Revenues Over/(Under) Expenditures	\$ (420)	\$ 1,703	\$ (358)	\$ 56,254	\$ 85,032	\$ 42,685

EXPLANATION OF CATEGORIES

<u>Category</u>	<u>Funds</u>
Proprietary Funds =	Emergency Management Communication District
Fiduciary Funds =	Retirement and Relief System Fund as well as other Supplemental Retirement Funds

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

COMBINED STATEMENT OF REVENUES AND EXPENDITURES BY SERVICE FOR ALL FUNDS THREE YEAR COMPARISON

(In Thousands)

	CONSOLIDATED		
	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12
<u>REVENUES</u>			
Property Taxes	\$ 56,699	\$ 51,369	\$ 53,820
Sales & Use Taxes	135,692	133,609	143,612
Income Taxes	73,008	74,909	75,898
Licenses and Permits	78,556	86,083	79,427
Federal Grant	19,459	22,628	18,500
Shared State & Local	26,185	25,968	22,980
Employer Contributions	17,243	17,846	17,900
Employee Contributions	15,882	15,928	16,000
Charges for Service	18,460	20,248	18,570
Fines & Forfeitures	5,425	4,294	4,614
Interest Earnings	102,438	166,054	123,631
Bond/Warrant Proceeds	41,276	45,625	8,400
Miscellaneous	36,967	17,749	18,030
Total Revenue	\$ 627,290	\$ 682,310	\$ 601,382
<u>EXPENDITURES</u>			
Public Safety	\$ 194,754	\$ 174,832	\$ 178,278
Environmental & Streets	57,360	46,806	48,126
Culture & Recreation	36,284	31,936	34,347
General Government	181,994	210,600	210,730
Debt Service	86,354	55,536	55,218
Transfers	27,417	5,162	2,198
Capital Outlays	48,519	51,575	44,420
Other	10	34	19
Total Expenditures	\$ 632,692	\$ 576,481	\$ 573,336
Revenues Over/(Under) Expenditures	\$ (5,402)	\$ 105,829	\$ 28,046

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

COMBINED STATEMENT OF REVENUES AND EXPENDITURES BY LINE ITEM FOR FUNDS THAT ARE BUDGETED THREE YEAR COMPARISON

(In Thousands)

	GENERAL GOVERNMENT			SPECIAL REVENUE FUNDS		
	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12
<u>REVENUES</u>						
Property Taxes	\$ 26,150	\$ 23,626	\$ 24,320			
Sales & Use Taxes	135,692	133,609	143,612			
Income Taxes	73,008	74,909	75,898			
Licenses and Permits	78,556	86,083	79,427			
Federal Grants	1,004	3,206	0	\$ 18,455	\$ 19,422	\$ 18,500
Shared State & Local	15,839	14,709	12,905	4,664	6,801	5,500
Employer Contributions						
Employee Contributions						
Charges for Service	13,874	13,788	13,902	69	68	68
Fines & Forfeitures	5,425	4,294	4,614			
Interest Earnings	1,406	748	1,130	3,722	10,975	10,500
Miscellaneous	35,570	18,494	15,195	576	821	750
Total Revenue	\$ 386,524	\$ 373,466	\$ 371,003	\$ 27,486	\$ 38,087	\$ 35,318
<u>EXPENDITURES</u>						
Salaries and Wages	\$ 208,744	\$ 189,431	\$ 197,803	\$ 3,241	\$ 2,983	\$ 3,656
Personnel Benefits	64,302	56,671	59,556	1,005	828	1,001
Pension Benefits						
Intergovernmental Services						
Supplies and Maintenance	17,518	18,528	17,329	5,239	19,337	18,500
Other Services and Charges	74,050	71,873	68,626			
Capital Outlays	7,271	4,086	6,169	21,189	10,319	10,500
Debt Service	19,087	15,489	19,322			
Transfers	1	2,520	2,198		2,642	
Total Expenditures	\$ 390,973	\$ 358,598	\$ 371,003	\$ 30,674	\$ 36,109	\$ 33,657
Revenues Over/(Under) Expenditures	\$ (4,449)	\$ 14,868	\$ -	\$ (3,188)	\$ 1,978	\$ 1,661

EXPLANATION OF CATEGORIES

Category

Funds

General Government = General Fund

Special Revenue Funds = Birmingham Fund, Birmingham Water Works Proceeds,
Community Development Block Grant

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

COMBINED STATEMENT OF REVENUES AND EXPENDITURES BY LINE ITEM FOR FUNDS THAT ARE BUDGETED THREE YEAR COMPARISON

(In Thousands)

	DEBT SERVICE			CAPITAL PROJECTS		
	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12
<u>REVENUES</u>						
Property Taxes	\$ 30,549	\$ 27,743	\$ 29,500			
Sales & Use Taxes						
Income Taxes						
Licenses and Permits						
Federal Grant						
Shared State & Local	283	120	125	\$ 5,399	\$ 4,338	\$ 4,450
Employer Contributions						
Employee Contributions						
Charges for Service						
Fines & Forfeitures						
Interest Earnings	2,543	1,250	1,500	561	588	500
Bond/Warrant Proceeds	21,000			20,276	38,668	8,400
Miscellaneous	167	633	550	268	4,722	1,500
Total Revenue	\$ 54,542	\$ 29,746	\$ 31,675	\$ 26,504	\$ 48,316	\$ 14,850
<u>EXPENDITURES</u>						
Salaries and Wages						
Personnel Benefits						
Pension Benefits						
Intergovernmental Services						
Supplies and Maintenance						
Other Services and Charges	\$ 109	\$ 110	\$ 110			
Capital Outlays	2,798	5,207	5,152	\$ 37,055	\$ 30,450	\$ 21,309
Debt Service	43,002	35,882	35,896	24,265	4,165	
Transfers				27,416		
Total Expenditures	\$ 45,909	\$ 41,199	\$ 41,158	\$ 88,736	\$ 34,615	\$ 21,309
Revenues Over/(Under) Expenditures	\$ 8,633	\$ (11,453)	\$ (9,483)	\$ (62,232)	\$ 13,701	\$ (6,459)

EXPLANATION OF CATEGORIES

Category

Funds

Debt Service = General Bond Debt Reserve Fund and Tax Increment Financing Fund

Capital Projects = General Obligation funds and Capital Improvement Funds,

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

COMBINED STATEMENT OF REVENUES AND EXPENDITURES BY LINE ITEM FOR FUNDS THAT ARE NOT BUDGETED THREE YEAR COMPARISON

(In Thousands)

	PROPRIETARY FUNDS			FIDUCIARY FUNDS		
	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12
<u>REVENUES</u>						
Property Taxes						
Sales & Use Taxes						
Income Taxes						
Licenses and Permits						
Federal Grant						
Shared State & Local						
Employer Contributions				\$ 17,243	\$ 17,846	\$ 17,900
Employee Contributions				15,882	15,928	16,000
Charges for Services	\$ 4,517	\$ 6,392	\$ 4,600			
Fines & Forfeitures						
Interest Earnings	1	11	1	94,205	152,482	110,000
Miscellaneous				386	36	35
Total Revenue	\$ 4,518	\$ 6,403	\$ 4,601	\$ 127,716	\$ 186,292	\$ 143,935
<u>EXPENDITURES</u>						
Salaries and Wages	\$ 44	\$ 16	\$ -	\$ 135	\$ 138	\$ 150
Personnel Benefits	7	2		36	34	42
Pension Benefits				68,012	87,695	97,158
Intergovernmental Services	3,482	3,135	3,600			
Supplies and Maintenance	1,405	1,547	1,359			
Other Services and Charges				3,279	3,888	3,900
Capital Outlays						
Debt Service						
Transfers					9,505	
Total Expenditures	\$ 4,938	\$ 4,700	\$ 4,959	\$ 71,462	\$ 101,260	\$ 101,250
Revenues Over/(Under) Expenditures	\$ (420)	\$ 1,703	\$ (358)	\$ 56,254	\$ 85,032	\$ 42,685

EXPLANATION OF CATEGORIES

Category

Funds

Proprietary Funds = Emergency Management Communication District

Fiduciary Funds = Retirement and Relief System Fund as well as other
Supplemental Retirement Funds

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

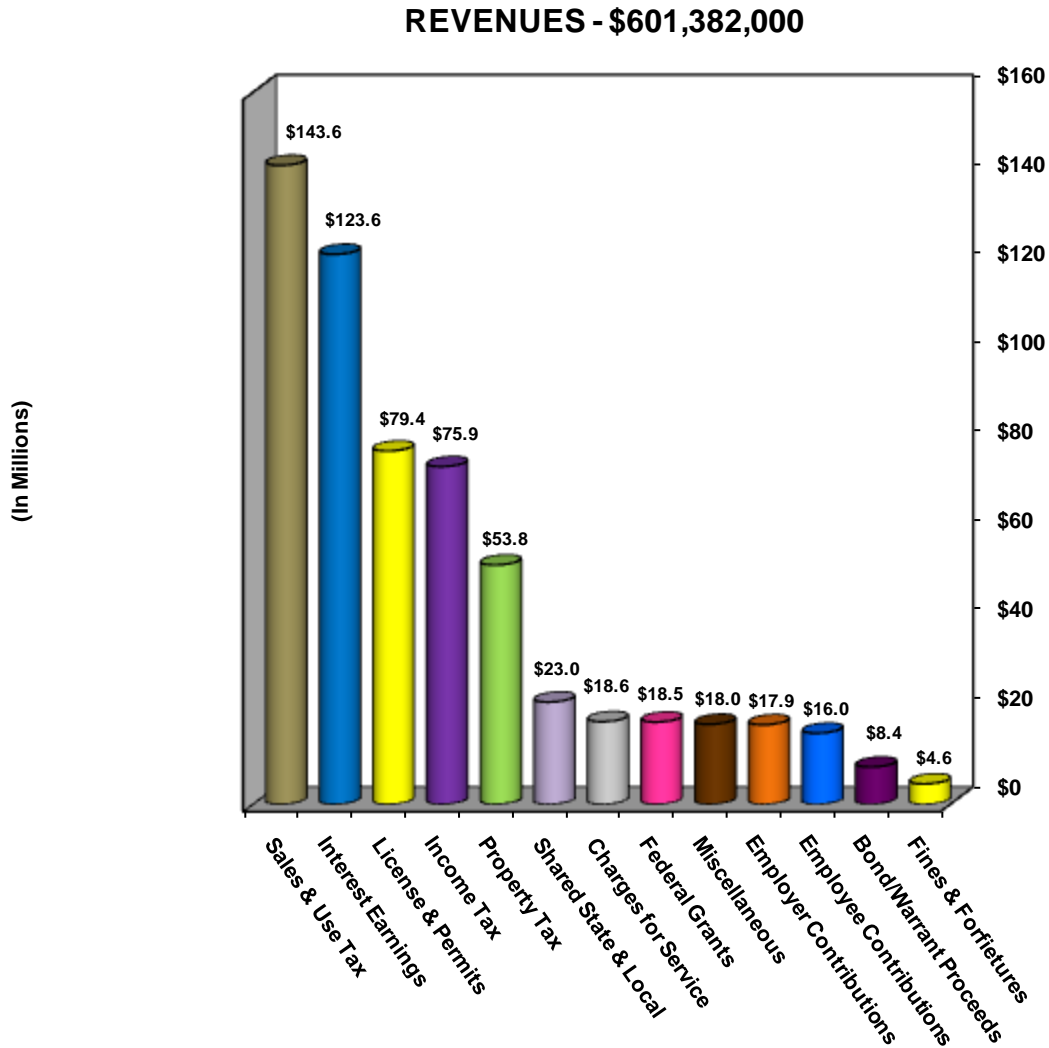
COMBINED STATEMENT OF REVENUES AND EXPENDITURES BY LINE ITEM FOR ALL FUNDS THREE YEAR COMPARISON

(In Thousands)

	CONSOLIDATED		
	ACTUAL 2009/10	ACTUAL 2010/11	BUDGET 2011/12
<u>REVENUES</u>			
Property Taxes	\$ 56,699	\$ 51,369	\$ 53,820
Sales & Use Taxes	135,692	133,609	143,612
Income Taxes	73,008	74,909	75,898
Licenses and Permits	78,556	86,083	79,427
Federal Grant	19,459	22,628	18,500
Shared State & Local	26,185	25,968	22,980
Employer Contributions	17,243	17,846	17,900
Employee Contributions	15,882	15,928	16,000
Charges for Service	18,460	20,248	18,570
Fines & Forfeitures	5,425	4,294	4,614
Interest Earnings	102,438	166,054	123,631
Bond/Warrant Proceeds	41,276	38,668	8,400
Miscellaneous	36,967	24,706	18,030
Total Revenue	\$ 627,290	\$ 682,310	\$ 601,382
<u>EXPENDITURES</u>			
Salaries and Wages	\$ 212,164	\$ 192,568	\$ 201,609
Personnel Benefits	65,350	57,535	60,599
Pension Benefits	68,012	87,695	97,158
Intergovernmental Services	3,482	3,135	3,600
Supplies and Maintenance	24,162	39,412	37,188
Other Services and Charges	77,438	75,871	72,636
Capital Outlays	68,313	50,062	43,130
Debt Service	86,354	55,536	55,218
Transfers	27,417	14,667	2,198
Total Expenditures	\$ 632,692	\$ 576,481	\$ 573,336
Revenues Over/(Under) Expenditures	\$ (5,402)	\$ 105,829	\$ 28,046

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

Total Budgeted Revenues by Service and Line Item

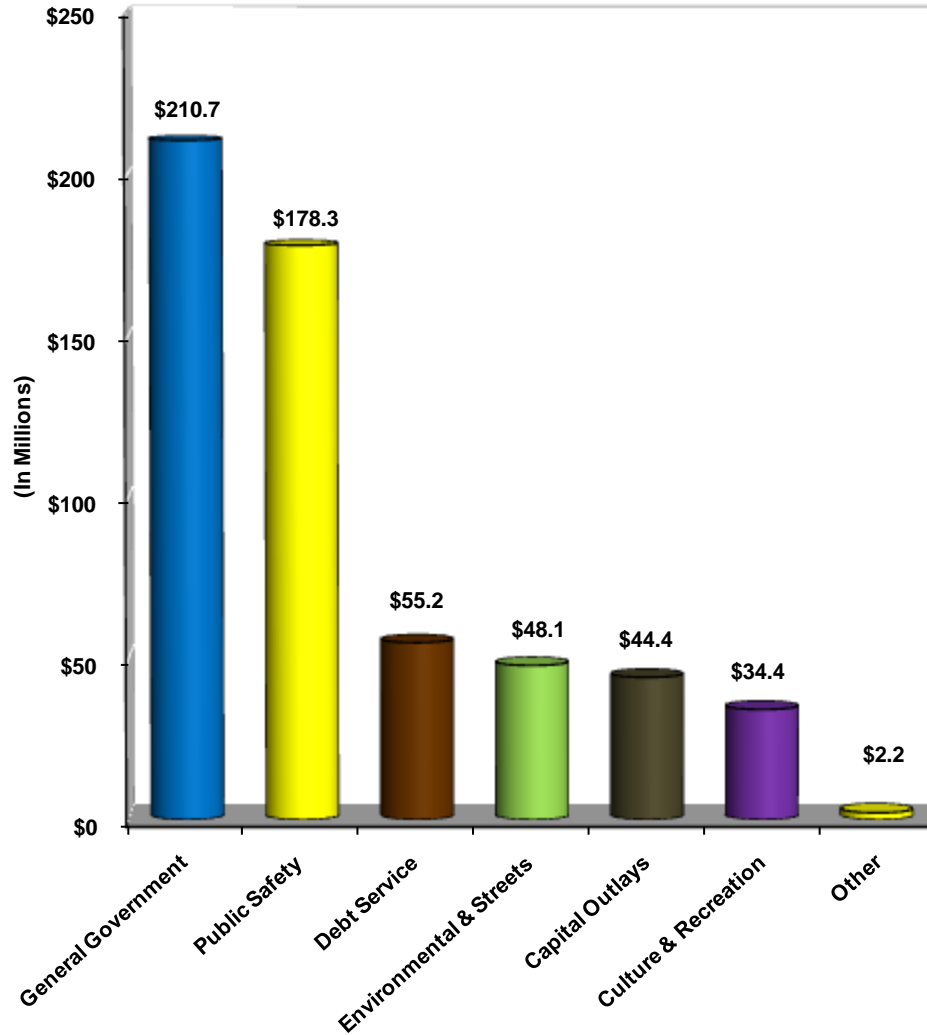


This graphs show the total budgeted revenues for fiscal year 2012 by service. The categories of Sales & Use Tax and License & Interest Earnings comprise 23.8% and 20.5% of the total revenues.

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

Total Budgeted Expenditures By Service

EXPENDITURES - \$573,336,000

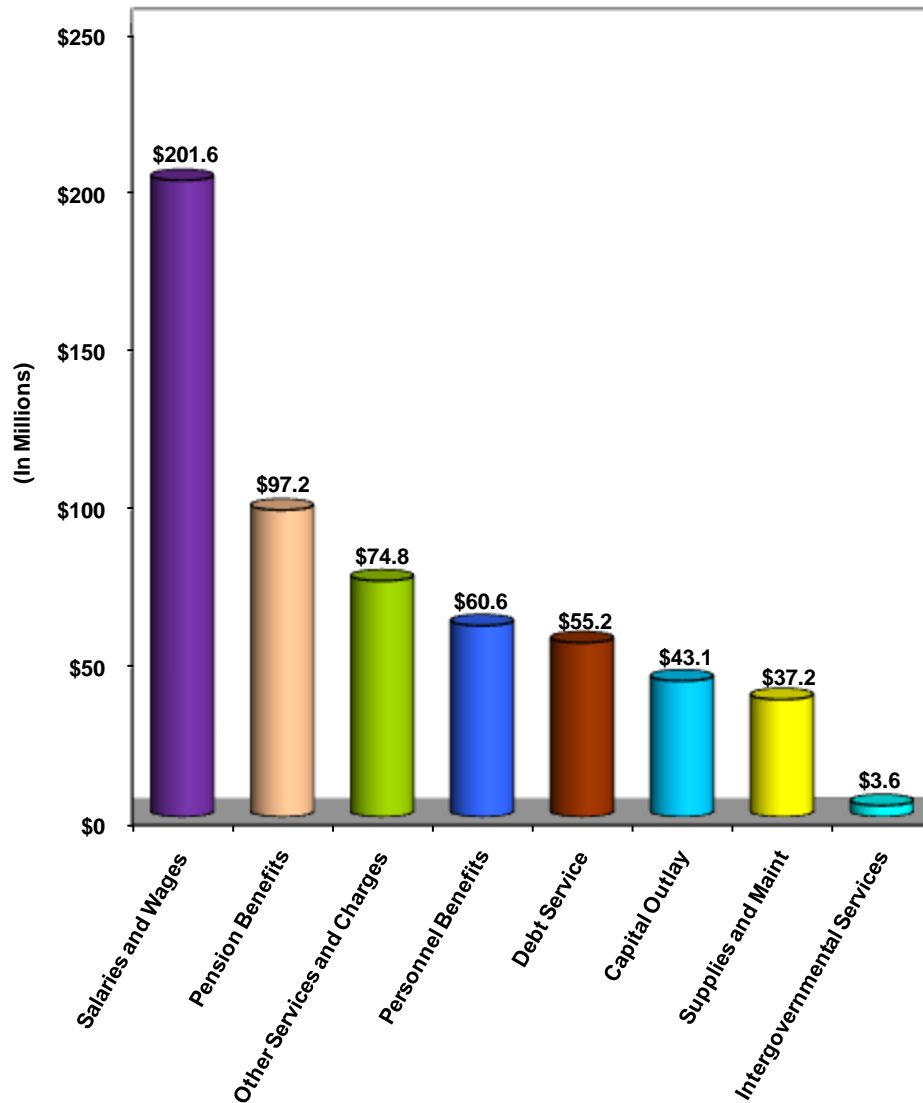


The expenditure graph indicates that the most budgeted for a category for fiscal years 2011/12 is Public Safety at 31.1% and General Government, represent a total of 36.8% of total Expenditures.

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

Total Budgeted Expenditures By Line Item

EXPENDITURES - \$573,336,000



The expenditures in the Salaries and Wages category comprise 35.1% of the total Expenditures, most of which is in the General Fund.

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

CHANGES IN FUND BALANCE

The previous statements show the combined revenues and expenditures for all city funds and the net change, the excess of revenues over (under) expenditures. The net change impacts the fund balance for City funds. (The difference between assets and liabilities in governmental accounting is known as fund balance.)

The following statement shows the actual change in fund balance for the year ending June 30, 2011:

COMBINED STATEMENT OF CHANGES IN FUND BALANCE FOR ALL CITY FUNDS FOR THE YEAR ENDING JUNE 30, 2011 (In Thousands)							
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects	Proprietary Funds	Fiduciary Funds	Consolidated
	ACTUAL 2010/11	ACTUAL 2010/11	ACTUAL 2010/11	ACTUAL 2010/11	ACTUAL 2010/11	ACTUAL 2010/11	ACTUAL 2010/11
REVENUES							
Total Revenues and Other Sources	\$ 373,466	\$ 38,087	\$ 29,746	\$ 48,316	\$ 6,403	\$ 186,292	\$ 682,310
Total Expenditures and Other Uses	358,597	36,109	41,199	34,615	4,700	101,260	576,480
Revenues Over/(Under) Expenditures	14,869	1,978	(11,453)	13,701	1,703	85,032	105,830
Beginning Fund Balance - July 1, 2010	92,280	77,071	37,942	91,341	(667)	876,458	1,174,425
Ending Fund Balance - June 30, 2011	\$ 107,149	\$ 79,049	\$ 26,489	\$ 105,042	\$ 1,036	\$ 961,490	\$ 1,280,255

The consolidated fund balance change shows an overall increase of \$105.8 million in fiscal year 2011. Most of the increase is attributable to the increase in market value of investments in the Fiduciary Funds and to higher than expected revenues in the General Fund.

OFFICIAL OPERATING BUDGET FISCAL YEAR 2012

The following statement shows the projected change in fund balance for the fiscal year ending June 30, 2012:

COMBINED STATEMENT OF CHANGES IN FUND BALANCE FOR ALL CITY FUNDS FOR THE YEAR ENDING JUNE 30, 2012 (In Thousands)							
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects	Proprietary Funds	Fiduciary Funds	Consolidated
	BUDGET 2011/12	BUDGET 2011/12	BUDGET 2011/12	BUDGET 2011/12	BUDGET 2011/12	BUDGET 2011/12	BUDGET 2011/12
REVENUES							
Total Revenues and Other Sources	\$ 371,003	\$ 35,318	\$ 31,675	\$ 14,850	\$ 4,601	\$ 143,935	\$ 601,382
Total Expenditures and Other Uses	371,003	33,657	41,158	21,309	4,959	101,250	573,336
Revenues Over/(Under) Expenditures	-	1,661	(9,483)	(6,459)	(358)	42,685	28,046
Beginning Fund Balance - July 1, 2011	107,149	79,049	26,489	105,042	1,036	961,490	1,280,255
Ending Fund Balance - June 30, 2012	\$ 107,149	\$ 80,710	\$ 17,006	\$ 98,583	\$ 678	\$ 1,004,175	\$ 1,308,301

The projected combined fund balance for fiscal year 2012 shows an increase of approximately \$28.1 million. This is due largely to the estimated increase in expenditures in the Capital Projects Funds and the conservative estimate of investment income in the Fiduciary Funds.